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NICARAGUAN REBELS SEEN BEHIND U.S. FUNDRAISING  
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WASHINGTON

The chief Nicaraguan rebel force initiated two efforts last year to raise U.S. money for Nicaraguan refugees through outside groups, but almost no aid has reached the civilians, according to interviews with principals and internal documents.

Edgar Chamorro, a former director of the rebels' Nicaraguan Democratic Force, or FDN, said the first fundraising effort, using the Panamanian-based Human Development Foundation, was started last spring with CIA money to divert attention from agency plans to "launder" funds through other governments.

But the CIA denied any illegal attempt to circumvent the congressional aid cut-off a year ago that halted CIA support of the FDN, the largest Contra rebel group fighting to oust Nicaragua's leftist government. In the past month, the House and Senate have voted to resume non-lethal aid to the rebels.

Another FDN-connected corporation, the Nicaraguan Development Council, helped start a second, larger fundraising effort through the Nicaraguan Refugee Fund last summer, according to several individuals close to the fund.

On April 15, the fund held a \$250 to \$500-a-plate banquet featuring a speech by President Reagan that drew nearly 700 people. But dinner officials say the fund is in debt and some have complained that contributions were not fully accounted for.

Alvaro Rizo, the fund's founder and a former diplomat under the late Nicaraguan dictator Anastasio Somoza, said the fund has "very friendly" relations with the FDN's development council but denied any formal ties. Rizo also said no money from the fund has gone to the FDN.

FDN's Washington spokesman Bosco Matamoros, who says he is executive director of the development council, also denied a link between the council and the fund.

But two sources close to the fund who insisted on anonymity said the fund was started last year through an agreement between Miner and Fraser Public Affairs Inc. and the FDN's development council.

Edie Fraser, Miner and Fraser president, confirmed that her firm did have an agreement with the council to plan a refugee fund and that the account was handled by Rizo, who at the time worked at Miner and Fraser. Later, Ms. Fraser said she could find no record of that agreement and claimed it must have been a personal arrangement between the council and Rizo.

She said the fund was incorporated by Rizo last September as part of the planning effort, but early this year, the tax-exempt fund was reorganized with Americans put in prominent positions.

Rizo and fund attorney Michael Schoor said the fund has not bought any relief supplies for Nicaraguan refugees living in Honduras and Costa Rica. But they said it paid transportation costs for one shipment of clothing and food collected in Miami and will pay hospital bills of a wounded Nicaraguan girl brought to Washington for the banquet.

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This month, a proposal from the conservative relief group Friends of the Americas for a \$50,000 clinic for Nicaraguan refugees was rejected by Rizo who explained in a letter that "regrettably the (fund) is still paying the expenses" from the April dinner.

In an interview, the refugee fund's chairman, former U.S. Ambassador True Davis, said, "I would like to know myself" where the banquet money went. Davis described himself as "a figurehead chairman" who was recruited to the fund by Somoza's longtime ambassador to the United States, Guillermo Sevilla-Sacasa.

Another of the fund's three directors, Louisiana state Rep. Louis "Woody" Jenkins, who heads Friends of the Americas, resigned recently citing a conflict of interest in his organization seeking money from a fund he helped direct. But sources close to Jenkins said he also was uneasy over delays in getting a full accounting for the dinner.

Donna Rautbord of Chicago, who co-chaired the April dinner with Jenkins, said she had been denied an accounting.

"I brought some money in," she said. "I hope it went to help people."

Rizo said he is ordering an accounting of the fund for the first half of 1985, but added that the financial statement might not give details on the dinner's receipts.

Rizo and fund attorney Schoor said the fund is in debt partly because some people who attended the banquet reneged on promises to pay and others may have diverted money collected in the name of the fund. Schoor said someone stole an undetermined amount of cash donated by dinner participants near the end of the banquet.

Rizo and Schoor first said the Nicaraguan Refugee Fund paid the J.W. Marriott Hotel "about \$100,000" for the dinner, nearly half of the estimated \$200,000 raised. But the hotel denied the charge was that high, and Schoor later put the Marriott payment at \$71,163. Other costs included \$50,000 paid to Miner and Fraser and \$10,000 to a private fundraiser.

The initial fundraising effort, through the Human Development Foundation, put ads last July in major American newspapers, including the Miami Herald and the New York Times. The ads sought help for "the victims of communist dominated Nicaragua," but the response was meager and legal questions over its Panamanian incorporation caused it to stop, according to Chamorro and two of its officers in Miami, Enrique Pereira and Octavio Sacasa.

Chamorro, who was ousted as an FDN director last November, said the CIA funneled money to pay for the ads through Sacasa and Marco A. Zeledon, another of FDN's seven directors, to create the impression that private aid was going to the rebels and thus cloak CIA efforts to "launder" funds for the FDN through foreign governments.

Sacasa denied Chamorro's claim as did CIA spokeswoman Kathy Pherson. Zeledon could not be reached despite several attempts. The CIA spending money for ads that could influence U.S. public opinion would violate presidential directives.

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A July 15, 1984 ledger sheet for the foundation, obtained by The Associated Press, show Zeledon deposited \$12,000 on May 31, 1984, and Sacasa deposited \$5,000 on June 27, 1984. Payments include \$3,000 to Matamoros, the FDN's Washington spokesman.

Another document - dated July 3, 1984, on Miner and Fraser stationery and addressed to FDN director Alfonso Callejas - proposed "a fundraising campaign for Nicaraguan refugees" that would use the FDN's Nicaraguan Development Council as the "umbrella organization to receive all donations."

Callejas said he discussed the plan with Rizo and told him that the rebels "were not the proper vehicle" for the fundraising. But Callejas refused to say if the campaign was later approved by the development council. Rizo said he knew nothing about the proposal sent to Callejas.

On Sept. 10, using the Barnett and Alagia law firm that also represented the FDN's council, Rizo formed the Nicaraguan Refugee Fund. One of the fund's initial directors, attorney Sydney J. Butler, is also listed as a director of the council, according to corporate records in Washington.

Asked about the connections between the refugee fund and the council, Butler said, "they're interrelated as far as I'm concerned," but he declined to comment further.